



General Assembly

February Session, 2016

***Raised Bill No. 5520***

LCO No. 2363

\* \_\_\_\_\_ HB05520 INS \_\_\_\_\_ 031616 \_\_\_\_\_ \*

Referred to Committee on INSURANCE AND REAL  
ESTATE

Introduced by:  
(INS)

***AN ACT CONCERNING HOMEOWNERS AND MOTOR VEHICLE  
INSURANCE POLICIES.***

Be it enacted by the Senate and House of Representatives in General  
Assembly convened:

1 Section 1. Section 38a-663 of the 2016 supplement to the general  
2 statutes is repealed and the following is substituted in lieu thereof  
3 (*Effective October 1, 2016*):

4 The following words and phrases, as used in sections 38a-663 to  
5 38a-696, inclusive, shall have the following meanings unless the  
6 context otherwise requires:

7 (1) "Rating organization" means an individual, partnership,  
8 corporation, unincorporated association, other than an admitted  
9 insurer, whether located within or outside this state, who or that has as  
10 a primary object or purpose the making of rates, rating plans or rating  
11 systems. Two or more admitted insurers that act in concert for the  
12 purpose of making rates, rating plans or rating systems, and that do  
13 not operate within the specific authorizations contained in sections  
14 38a-667, 38a-669, 38a-670 and 38a-672 shall be deemed to be a rating

15 organization. No single insurer shall be deemed to be a rating  
16 organization.

17 (2) "Advisory organization" means every group, association or other  
18 organization of insurers, whether located within or outside this state,  
19 that assists insurers or rating organizations in rate-making by the  
20 collection and furnishing of loss or expense statistics, or by the  
21 submission of recommendations, provided the term shall not include  
22 actuarial, legal or other consultants.

23 (3) "Member" means an insurer that participates in or is entitled to  
24 participate in the management of a rating, advisory or other  
25 organization.

26 (4) "Subscriber" means an insurer that is furnished at its request (A)  
27 with rates and rating manuals by a rating organization of which it is  
28 not a member, or (B) with advisory services by an advisory  
29 organization of which it is not a member.

30 (5) "Wilful" and "wilfully" in relation to an act or omission that  
31 constitutes a violation of sections 38a-663 to 38a-681, inclusive, means  
32 with actual knowledge or belief that such act or omission constitutes  
33 such violation and with specific intent to commit such violation.

34 (6) "Market" means the interaction between buyers and sellers  
35 consisting of a product market component and a geographic market  
36 component, as determined by the commissioner in accordance with the  
37 provisions of subsection (b) of section 38a-687.

38 (7) "Noncompetitive market" means a residual market or a market  
39 for which there is a ruling in effect pursuant to section 38a-687, that a  
40 reasonable degree of competition does not exist.

41 (8) "Competitive market" means a market that has not been found to  
42 be noncompetitive pursuant to section 38a-687.

43 (9) "Personal risk insurance" means homeowners, tenants, private

44 passenger nonfleet automobile, mobile manufactured home and other  
45 property and casualty insurance for personal, family or household  
46 needs except workers' compensation insurance.

47 (10) "Homeowners insurance" means property and casualty  
48 insurance for owner-occupied buildings with four or fewer dwelling  
49 units.

50 [(10)] (11) "Commercial risk insurance" means insurance within the  
51 scope of sections 38a-663 to 38a-696, inclusive, that is not personal risk  
52 insurance.

53 [(11)] (12) "Supplementary rate information" includes any manual or  
54 plan of rates, classification, rating schedule, minimum premium, rating  
55 rule, and any other similar information needed to determine the  
56 applicable rate in effect or to be in effect.

57 [(12)] (13) "Supporting information" means (A) the experience and  
58 judgment of the filer and the experience or data of other insurers or  
59 organizations relied upon by the filer, (B) the interpretation of any  
60 statistical data relied upon by the filer, and (C) descriptions of methods  
61 used in making the rates, and other similar information required to be  
62 filed by the commissioner.

63 [(13)] (14) "Residual market" means an arrangement for the  
64 provision of insurance in accordance with the provisions of section  
65 38a-328, 38a-329 or 38a-670.

66 Sec. 2. Section 38a-316d of the general statutes is amended by  
67 adding subsection (d) as follows (*Effective October 1, 2016*):

68 (NEW) (d) The declination, cancellation or nonrenewal of a  
69 homeowners insurance policy or a limit on the amount or provisions of  
70 coverage of such policy is prohibited if the declination, cancellation,  
71 nonrenewal or limit is based on (1) the property's proximity to another  
72 occupied residential dwelling, or (2) the condition of such other  
73 occupied residential dwelling.

74 Sec. 3. Subsection (a) of section 38a-343 of the general statutes is  
75 repealed and the following is substituted in lieu thereof (*Effective*  
76 *October 1, 2016*):

77 (a) No notice of cancellation of a policy to which section 38a-342  
78 applies shall be effective unless sent, by registered or certified mail, [or  
79 by mail evidenced by a certificate of mailing, or delivered by the  
80 insurer] return receipt requested, to the named insured, and any third  
81 party designated pursuant to section 38a-323a, at least forty-five days  
82 before the effective date of cancellation, except that (1) where  
83 cancellation is for nonpayment of the first premium on a new policy, at  
84 least fifteen days' notice of cancellation accompanied by the reason for  
85 cancellation shall be given, and (2) where cancellation is for  
86 nonpayment of any other premium, at least ten days' notice of  
87 cancellation accompanied by the reason for cancellation shall be given.  
88 No notice of cancellation of a policy that has been in effect for less than  
89 sixty days shall be effective unless mailed or delivered by the insurer  
90 to the insured and any third party designee at least forty-five days  
91 before the effective date of cancellation, except that (A) at least fifteen  
92 days' notice shall be given where cancellation is for nonpayment of the  
93 first premium on a new policy, and (B) at least ten days' notice shall be  
94 given where cancellation is for nonpayment of any other premium or  
95 material misrepresentation. The notice of cancellation shall state or be  
96 accompanied by a statement specifying the reason for such  
97 cancellation. Any notice of cancellation for nonpayment of the first  
98 premium on a new policy may be retroactive to the effective date of  
99 such policy, provided at least fifteen days' notice has been given to the  
100 insured and any third party designee and payment of such premium  
101 has not been received during such notice period.

102 Sec. 4. Subsection (a) of section 38a-335 of the general statutes is  
103 repealed and the following is substituted in lieu thereof (*Effective*  
104 *October 1, 2016*):

105 (a) (1) Each automobile liability insurance policy shall provide  
106 insurance in accordance with the regulations adopted pursuant to

107 section 38a-334 against loss resulting from the liability imposed by law,  
108 with limits not less than those specified in subsection (a) of section 14-  
109 112, for damages because of bodily injury or death of any person and  
110 injury to or destruction of property arising out of the ownership,  
111 maintenance or use of a specific motor vehicle or motor vehicles within  
112 any state, territory, or possession of the United States of America or  
113 Canada.

114 (2) No such policy shall impose a minimum amount of coverage  
115 greater than the amounts specified in subsection (a) of section 14-112  
116 as a condition to issue or renew such policy.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2016</i>	38a-663
Sec. 2	<i>October 1, 2016</i>	38a-316d
Sec. 3	<i>October 1, 2016</i>	38a-343(a)
Sec. 4	<i>October 1, 2016</i>	38a-335(a)

***INS***      *Joint Favorable*